

Testimony
Finance, Revenue and Bonding Committee
February 27, 2023

In support of House Bill 5673:
AN ACT CONCERNING THE REFORMATION OF CERTAIN TAXES AND TAX EQUITY

Joelle Fishman, Chair, Connecticut Communist Party USA

Sen Fonfara, Rep Horn, and members of the Finance, Revenue and Bonding Committee,

My name is Joelle Fishman, I live in New Haven, and I am submitting testimony on behalf of the Connecticut Communist Party and with the Recovery for All coalition in favor of House Bill 5673: AN ACT CONCERNING THE REFORMATION OF CERTAIN TAXES AND TAX EQUITY

The COVID – 19 pandemic exacerbated long term and extreme inequalities of wealth and race in our state. This is not a distinction we should be proud of, and one that we can and must fix.

Twenty seven years ago working with George Springer, then president of AFT Connecticut, and Luz Santana, we in the Coalition to End Child Poverty in Connecticut showed that the result of regressive tax policies is to disallow our children and families the opportunity to flourish. At that time we proposed a surtax on the wealthiest to provide the funds to end child poverty.

This injustice not only persists today, but has become more severe. While a growing number of families with children face economic instability and are having trouble affording necessities like food, mortgage, rent, child care and health care, the income of the 12 billionaires in Connecticut has soared by \$15 billion since the pandemic.

How shocking then, to have it affirmed that low and middle income families, many essential workers, who are struggling economically are paying a much higher percentage of their income in taxes (25%) than the percentage of income paid by billionaires and multimillionaires (6%). *[CT Voices for Children's overview of the 2022 Tax Incidence Report]*.

Plus, more than 60% of corporations in Connecticut—including those with over a billion dollars in federal taxable income—contribute nothing or next to nothing in state and local taxes. *[EPI, 2022]*.

Enough is enough! The resources of our state must be freed up so every child and every family has a secure place to live, a good public education, food security and healthcare.

Let's flip the script. Instead of being one of the wealthiest states with the greatest inequalities, let's become a model state for tax fairness and budget priorities dedicated to economic and racial equity.

Therefore, we greet the solutions proposed in HB 5673, which reflect the 18 points in the Recovery for All Equity Agenda. Specifically I want to comment on two of those.

First: the Child Tax Credit. This should not be controversial.

Child poverty went down by half when the Child Tax Credit was implemented during the pandemic. It was a big step toward the possibility and necessity to eliminate child poverty all together and

strengthen our economy. Over 240,000 Connecticut families and 353,000 children were helped by the Child Tax Credit.

We support enacting and implementing a permanent Child Tax Credit in our state and expanding it from \$250 to \$500 per child. Along with making the Earned Income Tax Credit permanent.

I would also like to highlight the proposals to establish new income tax brackets and rates for incomes over \$1 million, \$10 million and \$25 million, along with the proposals to extend the surtax to 20% for those earning \$100 million or more and raising the corporate tax rate to 11.5%, bringing us more in line with other states.

A poll released last month showed that 71% support boosting income tax rates on households earning more than \$1 million per year and that 81% support raising income taxes on billionaires. [*TargetSmart, 2023*]

Support for a more progressive and fair tax system is not new. Similar support was shown in a 2009 poll [*Quinnipiac University Polling*]. This also should not be controversial.

As a resident of New Haven, I know full well that the entire city is stronger when investments are made that raise up low and middle income neighborhoods and communities of color to reverse decades of discrimination.

We can emerge from the pandemic stronger together by making bold investments starting with HB 5673. The opportunity and necessity to raise up all of Connecticut is before us. A Recovery for All is truly an investment in the future of essential workers, our children and our state's economy.

As a first step to address the wealth and racial inequities in our state, I urge you to pass HB 5673 toward creating a fair tax system in Connecticut.